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**COMINCO LTD.**

**63RD ANNUAL REPORT 1968**

## **Cominco Ltd. / 63rd Annual Report 1968**

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*Cominco's metallurgical and chemical works on the Columbia River at Trail, British Columbia are surrounded by the City's attractive subdivisions, of which Sunningdale is in the foreground.*



## Directors

G. H. BAILLIE, *Chairman and President*,  
Metro Centre Developments Ltd., Toronto

W. J. BENNETT, *President*,  
Iron Ore Company of Canada, Montreal

†A. L. BISHOP, *Chairman of the Board*,  
Consumer's Gas Company, Toronto

\*N. R. CRUMP, *Chairman and Chief Executive Officer*,  
Canadian Pacific Railway Company, Montreal

G. A. HART, M.B.E., *Chairman and Chief Executive Officer*,  
Bank of Montreal, Montreal

\*R. HENDRICKS, *President*,  
Cominco Ltd., Montreal

\*W. S. KIRKPATRICK, *Chairman and Chief Executive Officer*,  
Cominco Ltd., Montreal

\*D. R. McMASTER, Q.C., *Partner, law firm of*  
McMaster, Meighen, Minnion, Patch & Cordeau, Montreal

D. D. MORRIS, *Vice-President*,  
*Operations* Cominco Ltd., Montreal

S. E. NIXON, *Executive Vice-President*,  
Dominion Securities Corporation Limited, Montreal

\*R. D. PERRY, *Executive Vice-President*,  
Cominco Ltd., Montreal

\*I. D. SINCLAIR, Q.C., *President*,  
Canadian Pacific Railway Company, Montreal

THE HONOURABLE JAMES SINCLAIR, P.C., *Chairman*,  
Lafarge Cement of North America Ltd., Vancouver

H. G. WELSFORD, M.B.E., *Honorary Director*,  
Dominion Bridge Company Limited, Montreal

\*Member of Executive Committee.

†Deceased, Sept. 29, 1968.

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## Officers

R. HENDRICKS  
*President*

D. D. MORRIS  
*Vice-President, Operations*

J. H. SALTER  
*Vice-President, Western Region*

G. H. D. HOBBS  
*Vice-President at Vancouver*

W. S. KIRKPATRICK  
*Chairman and Chief Executive Officer*

N. R. CRUMP  
*Vice-President*

F. E. BURNET  
*Vice-President at Montreal*

R. J. ARMSTRONG  
*Vice-President, Exploration*

J. F. M. DOUGLAS  
*Vice-President, Corporate Services*

C. H. B. FRERE  
*General Counsel and Secretary*

R. D. PERRY  
*Executive Vice-President*

A. M. MURRAY  
*Vice-President, Finance and Treasurer*

H. T. FARGEY  
*Vice-President, Sales*

S. M. ROTHMAN  
*General Manager, Western Operations*

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## Transfer Agents

The Royal Trust Company, Montreal

The Royal Trust Company, Saint John, N.B.

The Royal Trust Company, Vancouver

Canada Permanent Trust Company, Toronto

The Royal Trust Company, Calgary

Bank of Montreal Trust Company, New York

## Registrars

Montreal Trust Company, Montreal

Montreal Trust Company, Saint John, N.B.

Montreal Trust Company, Vancouver

Crown Trust Company, Toronto

Montreal Trust Company, Calgary

Chemical Bank New York Trust Company, New York



## Comparative Highlights

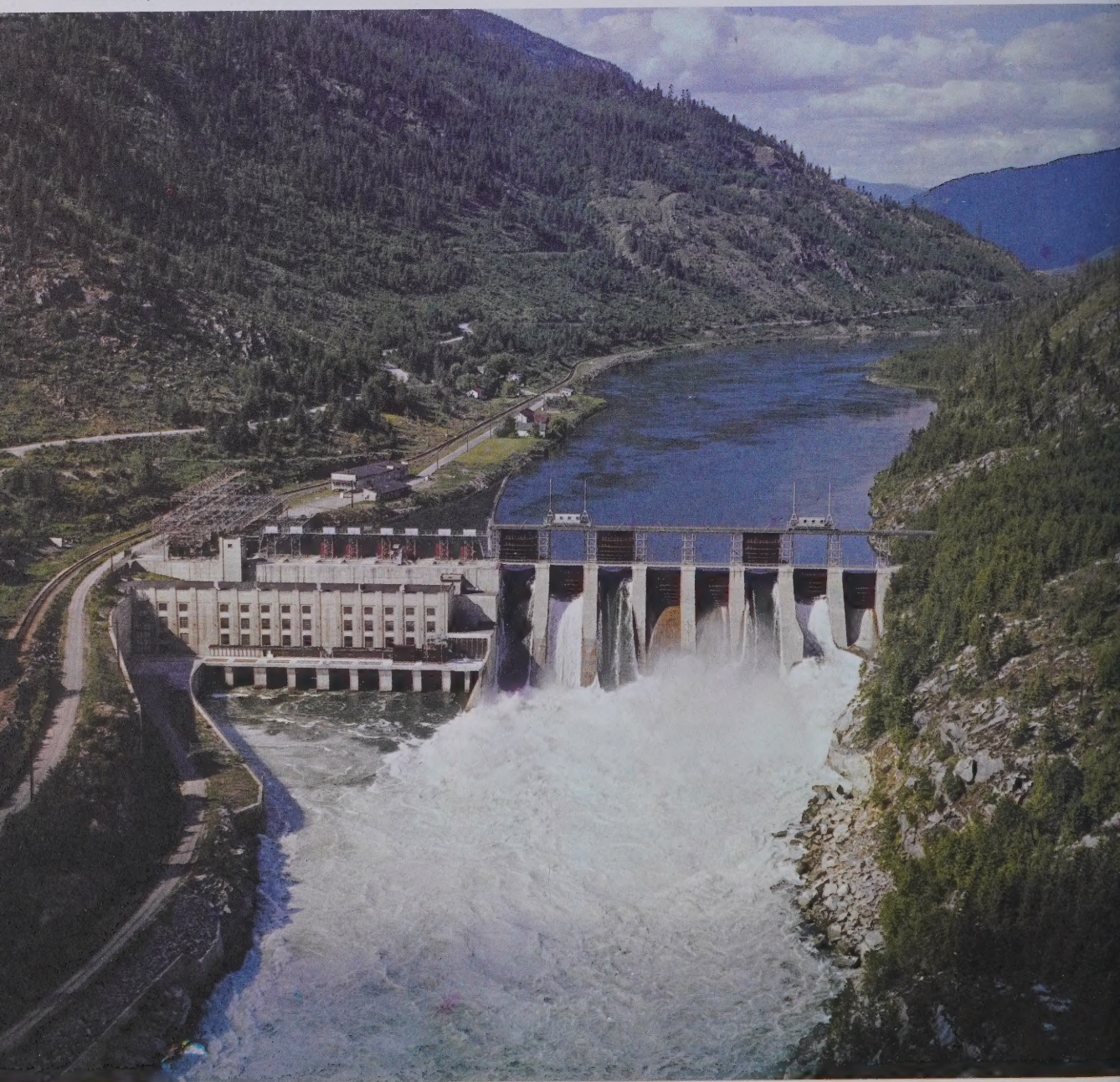
|                                | 1968          | 1967          |
|--------------------------------|---------------|---------------|
| Net earnings                   | \$ 32,268,000 | \$ 38,484,000 |
| Net earnings per share         | \$1.93        | \$2.31        |
| Dividends declared             | 23,362,000    | 25,030,000    |
| Dividends per share            | \$1.40        | \$1.50        |
| Sales of all products          | 241,255,000   | 216,959,000   |
| Capital expenditures           | 56,390,000    | 58,813,000    |
| Working capital                | 97,465,000    | 113,189,000   |
| Cash and marketable securities | 29,385,000    | 46,082,000    |

## Output of Principal Products

| Year | Lead<br>Short Tons | Zinc<br>Short Tons | Ores and<br>concentrates<br>produced<br>for sale<br>Short Tons | Silver<br>Ozs. | Cadmium<br>Short Tons | Fertilizer<br>Short Tons | Iron and<br>Steel<br>Short Tons |
|------|--------------------|--------------------|--|----------------|-----------------------|--------------------------|---------------------------------|
| 1959 | 135,296            | 192,762            | 11,563   | 9,367,029      | 838                   | 664,228                  |                                 |
| 1960 | 158,510            | 193,875            | 515  | 8,690,244      | 918                   | 713,168                  |                                 |
| 1961 | 171,833            | 193,138            | 495  | 8,816,141      | 963                   | 696,286                  | 32,049                          |
| 1962 | 152,217            | 199,393            | 31,919   | 6,667,813      | 1,059                 | 714,335                  | 31,441                          |
| 1963 | 155,001            | 194,159            | 35,849   | 6,847,606      | 1,019                 | 708,548                  | 37,678                          |
| 1964 | 151,372            | 199,011            | 41,296   | 7,347,590      | 945                   | 739,080                  | 83,992                          |
| 1965 | 186,484            | 213,082            | 109,502  | 6,415,230      | 359                   | 754,550                  | 180,889                         |
| 1966 | 184,871            | 221,871            | 268,057  | 6,609,110      | 787                   | 965,435                  | 188,099                         |
| 1967 | 187,567            | 202,015            | 274,649  | 5,211,761      | 657                   | 995,974                  | 200,715                         |
| 1968 | 199,258            | 209,994            | 238,964  | 6,936,485      | 701                   | 920,504                  | 220,379                         |



*Cominco's mines at Kimberley and Bluebell and its metallurgical, chemical and fertilizer plants at Trail, British Columbia depend on hydroelectric power. This plant of 160,000 horsepower at Brilliant on the Kootenay River, is one of five owned by Cominco, which have an installed capacity of 860,000 horsepower.*





### To the Shareholders:

The volume of sales of all major products increased during 1968 and total revenue reached an all-time high of \$246,776,000, up 11.4% from 1967 in spite of the generally lower prices that prevailed throughout the year. There was no significant change in operating income as the higher earnings from the increased volume of mining and metallurgical products were offset by the substantially lower earnings from fertilizer sales. The over-supply and price-cutting situation in the North American fertilizer industry reduced the potential earnings of the Company significantly. Although operating and investment income showed a minor improvement in 1968 over 1967, net earnings were down 16% at \$32,268,000, owing primarily to a \$6,300,000 increase in income taxes and to increases in depreciation and depletion.

Production, with the exception of fertilizer, was well maintained, and at the end of the year metal inventories were at a low level and inventories of fertilizers and other products were satisfactory.

Four new operations were successfully brought into production during the year: the Magmont lead-zinc mine in Missouri; the Pinchi Lake mercury mine in Northern British Columbia; the Hill Chemicals' ammonia plant in Texas; and the Benson Lake copper mine on Vancouver Island. Capital expenditures and exploration and research activities, which are greatly strengthening the Company's future position, continued at high levels during the year but contributed to a reduced cash position at the year-end.

### Financial

The consolidated net earnings for the year were \$32,268,000 compared to \$38,484,000 the previous year. On a per share basis, earnings and dividends declared were \$1.93 and \$1.40 in 1968, compared with \$2.31 and \$1.50 in 1967. In previous years, the second semi-annual dividend was declared in December and paid in January. In 1968 this dividend was declared in November and paid in December resulting in three dividends being paid in the calendar year. In future, payment of dividends declared will be made in June and December.

Higher earnings from mining and metallurgical operations were offset by substantially lower chemical and fertilizer earnings. The

lower prices for lead and zinc realized during the year were more than compensated for by increased volume of sales of these products. In addition, earnings from silver were considerably higher and new mining operations made significant contributions. Pine Point costs increased substantially, principally because of higher transportation costs and of lower grade mill feed, and on February 29, 1968, the tax-exempt period expired and its income for the balance of the year became taxable.

Sales of products net of delivery expenses amounted to \$241,255,000, an 11% increase over 1967. During 1968 the total sales revenues were derived as follows: lead and zinc (including ores and concentrates) 49%, all other metallurgical products 24%, fertilizers 25% and industrial chemicals and others 2%.

Consolidated net capital expenditures and investments amounted to \$56,390,000. The larger items included preparation for production at the Saskatchewan potash property — \$28,714,000; at the Piné Point-Pyramid property — \$6,594,000; at the Pinchi Lake mercury mine — \$6,112,000; and at the Benson Lake copper mine — \$2,429,000. Other major expenditures were \$2,181,000 for chemical and fertilizer production and distribution facilities in the United States and Canada and \$1,957,000 for metal production and marketing facilities in the United Kingdom.

Working capital at December 31 amounted to \$97,465,000, a decrease of \$15,724,000 during the year. This change is accounted for in the statement of source and application of funds included with the financial statements.

### Metals

The total lead and zinc contained in ore extracted from mines owned by the Company and its subsidiaries was 581,000 tons in 1968, practically the same as in 1967. Ore production and the combined lead-zinc grade of mill feed from the individual mines were: Sullivan mine at Kimberley, B.C., 2,156,000 tons at 8%; Bluebell mine at Riodel, B.C., 252,000 tons at 10.4%; Pine Point mine, NWT, 2,138,000 tons of milling grade ore at 10.1% and 353,000 tons of direct shipping ore at 44%. Most of this material was treated at the Company's operations at Trail, B.C. Ore production from the Magmont mine in Missouri, in which Cominco American Incorporated has a one-half share, was 128,000 tons at 16.0% combined lead and zinc.



Production of refined lead at Trail continued at the high level of 190,300 tons, as compared with 187,600 tons in 1967. Zinc production at 210,000 tons was also at a high level, an increase from 202,000 tons in 1967. The combined refined lead and zinc production was derived from the following sources:

|   | 1968 | 1967 |
|---|------|------|
| Sullivan mine . . . . .   | 41%  | 30%  |
| Other Company mines, including accumulated slags and residues . . . . . | 6%   | 8%   |
| Purchased   |      |      |
| Pine Point mine . . . . .   | 50%  | 59%  |
| Other . . . . .   | 3%   | 3%   |

As a result of the availability of Pine Point and other Canadian materials, purchases of foreign ores and concentrates were negligible.

Concentrates of lead, zinc and copper were sold to smelters in Canada, United States, Continental Europe and Japan. These sales are developing into an important and essential segment of our metallurgical business.

The demand for the Company's metals was firm during the year and, as a result, metal inventories at year end were at abnormally low levels. In 1968, 25% of the Company's refined lead and zinc was sold in Canada, compared with 28% in 1967. The balance was exported, chiefly to the United States and United Kingdom, with some tonnage shipped to European and Asian markets.

The consumption of refined lead in the free world in 1968 was 3.3 million tons, 6% higher than in 1967. Zinc consumption also increased substantially to 4.1 million tons, an 8% increase over 1967.

World supplies of both metals were about in balance with demand during the year, so that inventories remained stable at normal levels, with a downward trend developing in the final quarter of the year. Lead and zinc prices in Canada and the United States were very firm at year end, but average prices were lower than in 1967. Lead prices elsewhere in the world rose steadily over the year and zinc prices were stable in all markets. The following table compares average lead and zinc prices in Canada for 1967 and 1968.

#### CANADIAN METAL PRICES (Cents per Pound)

|                             | LEAD  | ZINC  |
|-----------------------------|-------|-------|
| 1967 — average . . . . .    | 14.00 | 13.85 |
| 1968 — average . . . . .    | 13.44 | 13.50 |
| December 31, 1968 . . . . . | 13.5  | 13.5  |

Silver production was 6,936,500 ounces, of which 62% came from Company mines, compared with 5,212,000 ounces in 1967, of which 67% came from Company mines. Silver prices fluctuated widely during the year, averaging \$2.145(U.S.) per ounce, which was substantially higher than 1967. Production of gold from Company sources, principally the Con mine at Yellowknife, NWT., was 47,500 ounces, compared with 52,000 ounces in 1967.

Sales of miscellaneous metal products during 1968 showed a marked increase over 1967, chiefly because of mercury sales. Indium was in oversupply, sales were substantially lower and prices were adversely affected by increased supplies originating from Russia and Japan. Sales of antimonial lead, cadmium, bismuth, mercury, tin, indium and electronic materials amounted to \$10,576,000, compared with \$7,642,000 in 1967.

Production at the iron and steel operations at Kimberley, B.C., included 69,700 tons of pig iron and 25,600 tons of steel ingots, compared with 93,500 tons of pig iron and 15,100 tons of steel ingots in 1967. The steel plant resumed operation in March after a shutdown of nearly one year for inventory control.

Mercury production from the Pinchi Lake mine near Fort St. James, B.C., began in August well ahead of schedule and mercury was available for markets in September. At the year end, the plant was operating very satisfactorily.

Production at the Wedge copper mine in New Brunswick, after six years of successful operation, was terminated in May, 1968 with the exhaustion of the predicted ore reserves. The mine was sealed and all salvageable buildings and equipment were sold or transferred to other Company operations.

The Benson Lake concentrator on northern Vancouver Island processed ores from the Coast Copper Company's mine and from Cominco's new Benson Lake mine. During the year, 11,500 tons of copper concentrate and



81,000 tons of magnetite concentrate were produced for shipment to Japan.

#### **Chemicals and Fertilizers**

Total fertilizer produced in 1968 was 920,500 tons compared with 996,000 tons in 1967. Total sales of fertilizer products were 1,109,000 tons, compared with 1,039,000 tons in 1967. The excess of materials sold over those produced was derived from inventory and purchased materials. The supply of fertilizers in North America exceeded demand in 1968 and overproduction in the United States had an adverse effect, both on volume of and returns from the Company's exports to that country. Fertilizer sales in Canada were down from those in 1967, owing to adverse weather and depressed wheat markets which affected the cash position of the farmers on the prairies. Participation in offshore fertilizer markets increased in 1968 but these sales produce a very small margin of profit because of high transportation costs and the intensely competitive market. Under prevailing conditions of general over-production throughout North America, fertilizer prices in the United States fell to a new low in 1968 and continued to weaken in western Canada with little hope for improvement foreseen in 1969.

As a result of the serious situation which had developed in the fertilizer markets, substantial cuts in production were brought into effect

towards the end of the year. There was also an enforced production cut at the Trail ammonia plants because the gas supplier ceased delivering interruptible natural gas, commencing November 1. This is one of the raw materials for fertilizer manufacture.

The trend towards consumption of high analysis dry fertilizers continued, and there was a strong trend towards bulk, rather than bagged, dry product. During the year, the Company constructed additional dry bulk and liquid fertilizer distribution facilities in Canada and in the United States and continued to develop and promote the use of new high-analysis fertilizer, such as 11-55-0 ammonium phosphate. Sales of chemicals for industrial purposes were higher than in 1967 and continue to develop satisfactorily.

#### **Subsidiaries included in Consolidation**

##### *Pine Point Mines Limited*

Sales of all products net of delivery expenses amounted to \$38,913,000, compared with \$42,701,000 in 1967. The exemption from federal income tax on earnings from the Pine Point mine expired February 29, 1968, and taxes for the year amounted to \$7,100,000. Net earnings for the year were \$21,029,000 compared with \$34,232,000 in 1967.

High grade ore shipments, which accounted for 47% of the total sales revenue in 1968,

*An aerial view, taken in March, 1968, of Cominco's potash mine site and production facilities at Vade, Saskatchewan, near Saskatoon.*







*One of the fertilizer bulk blending plants which service Cominco's Elephant Brand fertilizer dealers in Western Canada.*

terminated at mid-December with the exhaustion of presently available high grade ore reserves. Since the mine came into production, a substantial portion of Pine Point's income has been derived from the sale of this high grade ore. With the deepening of the open pits, dewatering became necessary and pumping programs were successfully begun on four pits. The lead-zinc orebody at Pine Point acquired from Pyramid Mining Co. Ltd. (NPL) in 1966, was ready for production on schedule at the end of 1968. The addition to the Pine Point concentrator to treat the ore from this source was completed and full-scale tests were run in December. It is anticipated that these additional facilities, which have a rated capacity of 3,000 tons per day, will be in full production early in 1969.

#### *Cominco American Incorporated*

Total sales by Cominco American, net of delivery expenses, amounted to U.S. \$42,400,000, compared with U.S. \$42,700,000 in 1967.

Revenue from the sale of fertilizers was down substantially from the preceding year as a result of over-production within the industry, highly competitive conditions and severely depressed fertilizer prices in the United States.

Operation of the Douglas phosphate rock mine and concentrator in Montana, which supplied phosphate concentrate to the Company's phosphate fertilizer operations at Trail, British Columbia, was suspended late in the year as part of an overall program of consolidation and cost control in phosphate rock production.

Hill Chemicals, Inc., in which Cominco

American has a 50% ownership, completed and successfully brought into production a 1,000-ton per day ammonia plant at Borger, Texas, in October. By year end, ammonia from this plant was being successfully delivered by pipeline over a distance of 850 miles to fertilizer markets throughout the midwest states and to Cominco American's ammonium nitrate plant at Beatrice, Nebraska. This is the first time that a pipeline has carried ammonia such a long distance to market.

The Magmont lead mine, near Salem, Missouri, a joint 50/50 venture with Dresser Industries, Inc. of Dallas, Texas, was brought into production in mid-year and will be at full capacity early in 1969, producing at the rate of 50,000 tons of lead annually.

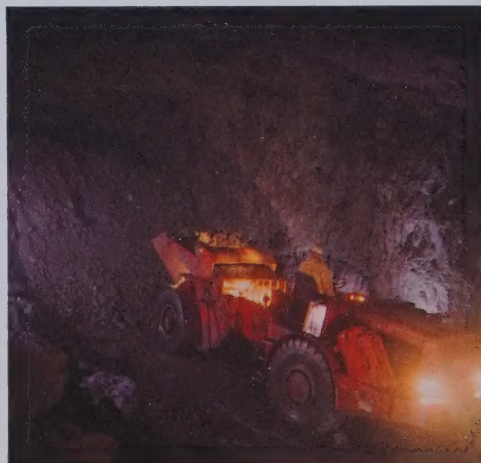
#### *Western Canada Steel Limited*

Sales of products were \$20,000,000, compared with \$17,300,000 in 1967. The new rolling mill at the Vancouver operations of Western Canada Steel, which was brought into production in 1967, operated satisfactorily in 1968. Improved productivity and manufacturing efficiency offset the effect of price competition and lack of market demand.

#### *National Hardware Specialties Limited*

Sales for the year improved and amounted to \$2,700,000, compared with \$2,500,000 in 1967.

*A front-end loader engaged in trackless mining underground at the Magmont lead mine near Salem, Missouri, U.S.A.*





Potential production was substantially reduced by a serious fire that occurred in the die-casting plant at Dresden, Ontario on October 6, 1968, resulting in considerable damage to the building and to some of the manufacturing equipment. A program of rebuilding and replacement at Dresden was undertaken immediately and the operation was at near capacity at year end. It is anticipated that insurance proceeds will for the most part cover the loss of assets.

### **Other Activities**

An active program in exploration and research was continued and expenditures in these two fields were \$11.0 million, compared with \$10.1 million in 1967.

### **Lead-Zinc Ore Reserves**

The search for new ore at existing mines was intensively pursued but additions of new metal to reserves at Canadian mines did not entirely replace the metal produced during the year. The total ore reserves at the Sullivan and Bluebell mines and at the HB mine, which was not operated in 1968, were estimated at 69.0 million tons containing 7.6 million tons of lead and zinc, compared with 70.5 million tons containing 7.7 million tons of lead and zinc in 1967. Ore reserves of Pine Point Mines Limited were estimated at 39.3 million tons containing 3.7 million tons of lead and zinc and compare with 40.5 million tons containing 3.8 million tons of lead and zinc in 1967. Ore reserves at the new Magmont mine in Missouri, U.S.A., were estimated at 15.0 million tons containing 1.3 million tons of lead and zinc.

### **Exploration**

The search for additional new orebodies continued to be centred primarily in Canada but the global scope of the Company's exploration activities was extended considerably in 1968, with substantial programs being undertaken in Spain, Portugal, Australia and the United States.

In Canada, preliminary drilling by the Company on the property of Valley Copper Mines Ltd. in southern British Columbia tended to confirm a significant low-grade copper deposit. The results of drilling, which was still in progress at year end, indicate a deposit containing approximately 600,000 tons per vertical foot with consistent values somewhat in excess of 0.4% copper. The deepest hole drilled during the year reached 1,300 vertical feet and was still in

mineralization. Extensive underground exploration to provide more precise data on ore grades and metallurgy is planned for 1969. This is required to determine if an economically viable operation is possible. The Company has the option to acquire a 69.7% interest in Valley Copper Mines Ltd.

In Spain, drilling by a Spanish subsidiary company has established a promising deposit of zinc-lead sulphides, which warrants a more detailed underground assessment, and in Portugal an interesting copper property is being investigated.

During the past several years the Company has been directing the work of Vestgron Mines Ltd., which through a Danish subsidiary holds mineral concessions on the west coast of Greenland. The work, which consisted essentially of geological investigations and diamond drilling, has indicated a potentially important deposit of lead-zinc mineralization. Further investigations have been temporarily suspended pending a clarification of tax and royalty regulations with the Danish Government. The Company holds a 63.6% interest in Vestgron Mines Ltd.

Panarctic Oils Limited, in which the Company has a 9% interest, carried out detailed seismic surveys on Melville and Bathurst Islands during 1968. Results were encouraging and preparations are being made to drill the first hole, loca-

*A diamond drill rig at the Valley Copper property in British Columbia, on which Cominco is carrying out an exploration program.*



ted on Melville Island, in March 1969. The Company has in addition an interest in varying amounts up to 50% in some six million acres of potential oil lands in the area, which have been turned over to Panarctic under various farmout agreements.

Preliminary exploration on a number of other mineral properties both in Canada and abroad has been encouraging, and further work including diamond drilling is proceeding on several of these properties.

The Company entered into negotiations with Canadian Pacific Investments Limited to acquire a 40% interest in coal licenses on the Fording River in the Crowsnest Pass area of British Columbia, at a cost still to be determined. These licenses, which are held by Canadian Pacific Oil and Gas Limited, cover substantial deposits of good-quality coking coal.

#### *Research*

In view of the importance to your Company of mineral exploration, increasing emphasis is being placed on geological research. A number of new techniques were investigated and encouraging progress made. The development of economic mineral treatment processes for specific orebodies received special attention during the year.

In keeping with a policy to produce higher grade and better quality fertilizer products in advance of market demands, a novel evapora-

tion process for concentrating phosphoric acid was under development to make possible the production of higher analysis products.

Following the discovery of Cominco 740, the iridescent reproducible coloured zinc process, further development has been carried on throughout the year. This product, to be sold under the trade name of DECRALOY, has now been specified for a number of new buildings presently under construction. Further progress has been made in the development of zinc forgings and great interest is being shown by forging companies and others. Paralleling this development has been the initial test marketing of zinc extrusions, which are expected to be used in the home appliance field. The promotion of lead sheet, now being sold for sound-proofing under the trade name of SHEALD, has resulted in a gratifying number of commercial applications including factory installations by manufacturers of office partitions. The Company continues to promote the use of lead and zinc metal in cooperation with other major producers through support of various national and international metal associations who are engaged in research and new product development.

#### *New Developments*

The two shafts at the Company's potash project in Saskatchewan were completed ahead of schedule. The surface plant was nearly completed at year end and production started in March,

*A view of Cominco's recently completed Pinchi Lake mercury mine site and facilities in British Columbia.*





1969. The distribution and sales program proceeded in the United States and negotiations continued for overseas markets. The increase in world production capacity for potash extended the over-supply position, which resulted in further deterioration of prices. Consumption of potash is steadily climbing but a balance between supply and demand still appears to be several years away.

At Benson Lake on northern Vancouver Island the conveyor decline was driven from the concentrator to give access to the Benson Lake mine on ground leased by the Company from Empire Development Company Limited. Ore extraction from the property commenced in June and 27,000 tons were delivered to the concentrator.

Major development work undertaken at the Con gold mine in the Northwest Territories included a program to deepen the shaft for production and exploration purposes, and to drift underground into the adjoining property of Yellorex Mines Ltd., on which the Company has an option.

The Company's continuing program of industrial waste control was pursued aggressively at all operations. In this regard a large dyked area was constructed, adjacent to the fertilizer and iron plants at Kimberley, to impound gypsum and other waste products from these plants in order to prevent stream pollution. In addition, the Company continued its active program of monitoring and maintaining records of industrial wastes at all plants, working in close cooperation with government authorities. In all its operations facilities for control of all industrial wastes are intrinsic in plant design.

In 1968 the marketing of the Company's metal products in the United Kingdom was transferred from Henry Gardner & Co. Limited to Cominco-Gardner Ltd., in which Cominco has a 52% interest and Henry Gardner 48%.

#### **Power**

The installation of the fourth generating unit of 40,000 horsepower at the Company's Brilliant Power Plant on the Kootenay River near Trail was completed and put into full operation in the third quarter of 1968. With this installation, the Company has 16 units on the Kootenay River, which, together with the four units on the Pend-d'Oreille River, also near Trail, gives a total installed capacity of approximately 860,000 horsepower.

Water flows were adequate to generate the

power requirements of the Company in 1968 and sales of surplus energy from the Company's power plants were made to West Kootenay Power and Light Company, Limited and B.C. Hydro. Net energy generated in 1968 was 3,880 million kilowatt hours, which was up by 12.7% from 1967. In December, the Company's application to the National Energy Board for the export of surplus interruptible energy to the United States for a period of five years was approved and plans were being developed to sell this surplus power.

During the year the Company sold to Eldorado Nuclear Limited the Wellington Lake power plant in Northern Saskatchewan for \$2,900,000. This plant, which had been rented to Eldorado, has not been used by the Company since the shutdown of the Box Mine in 1942.

#### **Personnel**

At the end of 1968, the total number of employees of the Company and its subsidiaries was 9,439 compared with 9,896 at the end of 1967. The Company was able to meet its requirements of professional, technical and general labour throughout the year, except for periodic shortages of journeymen in some trades and of miners, particularly at remote loca-

*A garden in the heart of the sulphuric acid plants at Trail, British Columbia, which produce sulphuric acid from by-product metallurgical gases, thereby preventing atmospheric pollution.*



tions. Plans are under way to provide more on-the-job training for miners.

A new two-year collective agreement was signed covering hourly-paid employees at all of the Company's operations in British Columbia, except at Pinchi Lake mine. This agreement, which will expire June 30, 1970, provided for wage increases of approximately 12% over two years. At the newly-opened mercury operations at Pinchi Lake mine, an agreement was signed March 18, 1968, to continue in effect until September 30, 1971. A two-year agreement, commencing August 1, 1968, was also signed for the Con mine. All of the foregoing agreements are with various locals of the United Steelworkers of America. At year end negotiations with the unions were still being carried on by Pine Point Mines Limited, Western Canada Steel Limited and West Kootenay Power and Light Company, Limited.

In 1968, the staff of various groups of the Company and certain subsidiaries in the Vancouver area were consolidated in one building, called the Cominco Building, located at 1199 West Pender Street.

Disability benefits were removed from the salaried employees' retirement income plan and a new and separate program was established to provide improved protection against loss of income during long periods of disability.

During the year, 164 employees retired from active service. There are now 1,591 former employees and widows receiving benefits under the Company's Retirement Income Plans.

At the last annual general meeting of the shareholders on April 25, Mr. D. D. Morris was elected a Director of the Company, replacing Mr. R. E. Stavert who retired in accordance with the Board's age limitation policy. Mr. Stavert joined the Company in 1934 and was first elected Director in 1941. He held the office of President from 1945 until 1959, at which time he was elected Chairman, a position he held until 1964. As President and Chairman, Mr. Stavert made many significant contributions toward the expansion and development of the Company's affairs. Subsequently, as Director and member of the Executive Committee, he continued to provide valuable advice based on his long association with the Company. The Company is deeply indebted to him for his capable leadership.

It is with deep regret that the directors record

the death on September 29, of Mr. A. L. Bishop. Mr. Bishop became a Director of the Company April 10, 1939, and served the Company in that capacity until his death. His wise counsel and sound advice will be greatly missed. The vacancy on the Board has been filled by the election on February 13, 1969 of Mr. R. A. MacKimmie, Q.C. of Calgary, a senior partner in the law firm of MacKimmie, Matthews, Wood, Phillips & Smith.

The Directors wish to acknowledge their appreciation of the service of Mr. F. L. Hallam, Secretary-Treasurer of the Company, who retired September 30. Mr. C. H. B. Frere, in addition to his position of General Counsel, was appointed Secretary of the Company. Mr. A. M. Murray, in addition to his position as Vice-President, Finance, was appointed Treasurer.

On October 1st, Mr. F. E. Burnet, who is Chairman of Cominco American Incorporated, was appointed Vice-President at Montreal; Mr. G. H. D. Hobbs, who is Chairman of Western Canada Steel Limited, was appointed Vice-President at Vancouver; and Mr. J. F. M. Douglas, who held the position of Director, Corporate Services, was appointed Vice-President, Corporate Services.

On April 25, Mr. S. M. Rothman was appointed General Manager, Western Operations.

The Directors are pleased once again to acknowledge their appreciation of the cooperation and service of the employees throughout the Company's entire organization.

On behalf of the Board of Directors



*Chairman and Chief Executive Officer*



*President*

MONTREAL, P.Q., 13th March, 1969.



# Consolidated Statement of Earnings

Year ended December 31, 1968

(with comparative figures for 1967)

|  | 1968                 | 1967                 |
|--|----------------------|----------------------|
| Sales of products  | \$241,255,000        | \$216,959,000        |
| Other revenue  | 5,521,000            | 4,489,000            |
|  | <u>246,776,000</u>   | <u>221,448,000</u>   |
| <i>Cost of sales:</i>  |                      |                      |
| Inventory of raw materials and products at beginning of year                   | 45,902,000           | 43,893,000           |
| Production, selling and general expenses (Note 3)                              | 138,869,000          | 131,394,000          |
| Materials purchased for processing or resale                                   | 24,147,000           | 17,164,000           |
| Interest on long-term debt   | 3,701,000            | 2,607,000            |
|  | <u>212,619,000</u>   | <u>195,058,000</u>   |
| <i>Deduct</i> inventory of raw materials and products at end of year           | 38,284,000           | 45,902,000           |
|  | <u>174,335,000</u>   | <u>149,156,000</u>   |
|  | <u>72,441,000</u>    | <u>72,292,000</u>    |
| <i>Add:</i>  |                      |                      |
| Income from investments in unconsolidated subsidiary companies (Note 4)        | 1,583,000            | 1,467,000            |
| Income from other investments  | 3,469,000            | 2,798,000            |
| Net gain on disposal of investments  | 79,000               | 428,000              |
|  | <u>5,131,000</u>     | <u>4,693,000</u>     |
| <i>Deduct:</i>   |                      |                      |
| Depreciation (Notes 2 and 5)   | 18,678,000           | 16,582,000           |
| Depletion  | 2,126,000            | 1,858,000            |
| Income taxes, including \$7,844,000 (1967 – \$4,850,000) not currently payable | 16,400,000           | 10,100,000           |
| Minority interest in net earnings of Pine Point Mines Limited                  | 8,100,000            | 9,961,000            |
|  | <u>45,304,000</u>    | <u>38,501,000</u>    |
| Net earnings, to statement of retained earnings                                | <u>\$ 32,268,000</u> | <u>\$ 38,484,000</u> |
| Net earnings per share   | <u>\$1.93</u>        | <u>\$2.31</u>        |

# Consolidated Balance Sheet at December 31, 1968

(with comparative figures for 1967)

| Assets   | 1968                 | 1967                 |
|--|----------------------|----------------------|
| <i>Current Assets :</i>  |                      |                      |
| Cash   | \$ 4,567,000         | \$ 6,757,000         |
| Notes (including \$1,359,000 issued by affiliated company), loans and other short-term investment contracts, at cost | 24,621,000           | 38,556,000           |
| Government and municipal bonds, at cost (market value \$183,000)   | 197,000              | 769,000              |
| Accounts receivable  |                      |                      |
| Trade (including 1968 \$8,170,000 from new unconsolidated marketing subsidiaries)                                    | 52,052,000           | 47,823,000           |
| Other unconsolidated subsidiary companies  | 2,149,000            | 2,220,000            |
| Prepaid charges  | 3,492,000            | 5,556,000            |
| Inventory of raw materials and products at lower of cost and realizable value  | 38,284,000           | 45,902,000           |
| Stores and materials, at cost less allowance for obsolescence  | 11,811,000           | 11,549,000           |
|  | <u>\$137,173,000</u> | <u>\$159,132,000</u> |
| <i>Investments and Sundry Assets :</i>   |                      |                      |
| Investments (Note 4)   | 43,395,000           | 40,610,000           |
| Deferred charges   | 2,895,000            | 2,336,000            |
| Sundry loans and accounts receivable   | 4,486,000            | 4,138,000            |
|  | <u>50,776,000</u>    | <u>47,084,000</u>    |
| <i>Fixed Assets :</i>  |                      |                      |
| Land, buildings and equipment, at cost less fully depreciated items written off and sales at realized amounts        | 288,087,000          | 241,723,000          |
| Less accumulated depreciation (Notes 2 and 5)  | 80,186,000           | 64,820,000           |
|  | <u>207,901,000</u>   | <u>176,903,000</u>   |
| Mining properties and development, at cost less amounts written off  | 58,534,000           | 55,225,000           |
| Less accumulated depletion   | 10,807,000           | 9,300,000            |
|  | <u>47,727,000</u>    | <u>45,925,000</u>    |
|  | <u>\$443,577,000</u> | <u>\$429,044,000</u> |



| Liabilities and Shareholders' Equity   |           | 1968          | 1967          |
|--|-----------|---------------|---------------|
| <i>Current Liabilities :</i>   |           |               |               |
| Bank loans   | \$        | 10,696,000    | \$ 8,913,000  |
| Accounts payable   |           | 24,818,000    | 24,337,000    |
| Payments received in advance on sales contracts  |           | 498,000       | 536,000       |
| Income taxes and current portion of special refundable taxes recoverable, net                                  |           | 2,640,000     | (650,000)     |
| Dividends payable  |           | —             | 11,749,000    |
| Portion of long-term debt due within one year  |           | 1,056,000     | 1,058,000     |
|  | \$        | 39,708,000    | \$ 45,943,000 |
| <i>Long-term Debt (Note 6)</i>   |           | 58,412,000    | 59,468,000    |
| <i>Minority Interest in Pine Point Mines Limited</i>   |           | 22,034,000    | 20,210,000    |
| <i>Deferred Income Taxes</i>   |           | 29,501,000    | 21,258,000    |
| <i>Shareholders' Equity :</i>  |           |               |               |
| Capital  |           |               |               |
| Authorized — 20,000,000 shares of no par value ; issued and fully paid — 16,698,583 (1967 — 16,688,155) shares |           | 25,002,000    | 24,651,000    |
| Retained earnings  |           | 268,920,000   | 257,514,000   |
|  |           | 293,922,000   | 282,165,000   |
| <i>Contingent Liabilities (Note 7)</i>   |           |               |               |
| Approved on behalf of the Board :  |           |               |               |
| W. S. Kirkpatrick }<br>R. Hendricks }  | Directors | \$443,577,000 | \$429,044,000 |

# Consolidated Statement of Retained Earnings

Year ended December 31, 1968

(with comparative figures for 1967)

|  | 1968                 | 1967                 |
|--|----------------------|----------------------|
| Amount at beginning of year                                  | \$257,514,000        | \$242,156,000        |
| <i>Add:</i>  |                      |                      |
| Net earnings per statement of earnings                       | 32,268,000           | 38,484,000           |
| Gain on sale of hydro-electric plant in Saskatchewan         | 2,500,000            | —                    |
| Recovery of income taxes charged to earnings for prior years | —                    | 1,904,000            |
|  | <u>292,282,000</u>   | <u>282,544,000</u>   |
| <i>Deduct:</i>   |                      |                      |
| Dividends declared, \$1.40 per share in 1968 (1967 — \$1.50) | 23,362,000           | 25,030,000           |
| Amount at end of year, to balance sheet                      | <u>\$268,920,000</u> | <u>\$257,514,000</u> |

*A view of the fertilizer and iron and steel operation at Kimberley, British Columbia.  
The Sullivan mine concentrator is in the left background.*





# Consolidated Statement of Source and Application of Funds

Year ended December 31, 1968

(with comparative figures for 1967)

| <i>Source of Funds :</i>   | 1968                 | 1967                 |
|--|----------------------|----------------------|
| Operations   |                      |                      |
| Net earnings for year  | \$ 32,268,000        | \$ 38,484,000        |
| Add items charged which do not represent a current outflow of funds    |                      |                      |
| Depreciation   | 18,678,000           | 16,582,000           |
| Depletion  | 2,126,000            | 1,858,000            |
| Income taxes not currently payable                                     | 7,844,000            | 4,850,000            |
|  | <u>60,916,000</u>    | <u>61,774,000</u>    |
| Minority interest in net retained earnings of Pine Point Mines Limited | 1,824,000            | 2,988,000            |
| Current proceeds from sale of hydro-electric plant                     | 800,000              | —                    |
| Decrease ( <i>increase</i> ) in sundry non-current items               | 1,194,000            | (971,000)            |
| Issue of shares to acquire property                                    | 350,000              | —                    |
| Long-term borrowings, net  | —                    | 45,169,000           |
| Recovery of income taxes charged to earnings for prior years           | —                    | 1,904,000            |
|  | <u>65,084,000</u>    | <u>110,864,000</u>   |
| <br><i>Application of Funds :</i>                                      |                      |                      |
| Capital expenditures   |                      |                      |
| Investments  | 2,992,000            | 11,360,000           |
| Land, buildings and equipment  | 49,275,000           | 45,363,000           |
| Mining properties and development                                      | 4,123,000            | 2,090,000            |
| Reduction in long-term borrowings, net                                 | 1,056,000            | —                    |
| Dividends declared   | 23,362,000           | 25,030,000           |
|  | <u>80,808,000</u>    | <u>83,843,000</u>    |
| Decrease (increase) in working capital                                 | 15,724,000           | (27,021,000)         |
| Working capital at beginning of year                                   | 113,189,000          | 86,168,000           |
| Working capital at end of year   | <u>\$ 97,465,000</u> | <u>\$113,189,000</u> |

## Notes to Financial Statements

### 1. Basis of Consolidation

The financial statements of Cominco Ltd. are presented in consolidation with those of all subsidiaries in which it holds all the shares and of Pine Point Mines Limited, a 69.12% owned subsidiary. Other subsidiaries have not been included in the consolidation because they have different businesses from those of Cominco, or they have relatively limited economic life, or their inclusion would not significantly affect earnings.

Current assets and liabilities in foreign currencies are converted at exchange rates applying at balance sheet dates; non-current assets and liabilities in foreign currencies are converted on various appropriate bases.

### 2. Change in Accounting Practice

As mentioned in Note 5, the manner of computing depreciation has been modified. The effect of this change in the statement of earnings for 1968 has been to reduce the depreciation charge by \$1,195,000, increase income taxes (deferred) by \$398,000, and increase net income by \$797,000. Applying the 1968 method to 1967 would not have changed the 1967 figures materially.

### 3. Directors' Remuneration

Production, selling and general expenses include remuneration of \$421,000 (1967 - \$377,000) to directors, including amounts to directors who are also officers.

### 4. Investments

| Particulars of investments are as follows:                             | 1968                | 1967                |
|--|---------------------|---------------------|
| Unconsolidated subsidiary companies                                    |                     |                     |
| Shares, at cost  | \$18,896,000        | \$18,396,000        |
| Advances   | 2,544,000           | 2,250,000           |
| Other companies  |                     |                     |
| Shares, at cost less amounts written off and amounts realized on sales |                     |                     |
| Having a quoted market value (market value \$3,386,000)                | 1,752,000           | 1,654,000           |
| Having no quoted market value  | 17,361,000          | 17,077,000          |
| Debentures, at cost:   |                     |                     |
| Income debentures (market value \$890,000)                             | 1,000,000           | 1,000,000           |
| Other (no quoted market)   | 3,655,000           | 3,658,000           |
| Advances   | 4,615,000           | 2,678,000           |
|  | <u>49,823,000</u>   | <u>46,713,000</u>   |
| Less: accumulated provision for depletion of mineral investments       | 6,428,000           | 6,103,000           |
|  | <u>\$43,395,000</u> | <u>\$40,610,000</u> |

Cominco's equity in the aggregate net earnings of unconsolidated subsidiary companies amounted to \$950,000 for 1968, compared with dividends of \$1,583,000 received from them. Cominco has not taken into the

accounts its equity of \$2,081,000 in undistributed earnings (net of losses) of unconsolidated subsidiaries.

### 5. Depreciation

In the main, depreciation for the group of companies is computed on each year's net plant expenditures (including land, a minor part of plant investment) evenly over a period of years until those expenditures have been fully depreciated. At that time, the practice is to write off the recorded cost against the depreciation accumulation, so that only costs not yet fully depreciated are carried on the balance sheet. Until 1968 all Cominco expenditures were depreciated over thirteen years. Commencing in 1968 expenditures on major new projects are considered separately with a view to adopting other rates for them should the thirteen year write-off appear inappropriate; consequently, expenditures on the potash project are now being depreciated over twenty years. As in 1967 and previously, expenditures by Pine Point Mines Limited on its original facilities are being depreciated over ten years. The new mining and concentration facilities required for production from the property acquired from Pyramid Mining Co. Ltd. (NPL) in 1966 will be depreciated from commencement of production in 1969.

### 6. Long-Term Debt

|  | 1968                | 1967                |
|--|---------------------|---------------------|
| Cominco Ltd.:  |                     |                     |
| 6½% Notes payable to an affiliated company, due May 1, 1972  | \$20,000,000        | \$20,000,000        |
| 6½% Series "A" Notes due May 15, 1972  | 20,000,000          | 20,000,000          |
| Housing mortgages  | 130,000             | —                   |
| Cominco American Incorporated:   |                     |                     |
| 5½% Mortgage notes (\$9,200,000 U.S.)  | 9,867,000           | 10,803,000          |
| 6¾% Promissory notes (\$7,500,000 U.S.)  | 8,044,000           | —                   |
| Bank loan pending long-term financing (\$800,000 U.S. of the mortgage notes mature annually as does \$700,000 U.S. of the promissory notes, the latter commencing January 1, 1970) | —                   | 8,103,000           |
| Pine Point Mines Limited:  |                     |                     |
| Housing mortgages  | 207,000             | 210,000             |
| Western Canada Steel Limited:  |                     |                     |
| First mortgage sinking fund bonds:   |                     |                     |
| Series "A", 5% due January 2, 1972   | 150,000             | 200,000             |
| Series "B", 6% due January 1, 1972   | 170,000             | 210,000             |
| Series "C", 6½% due July 2, 1977 (Series "A" and "B" bonds call for annual sinking fund payment of \$90,000; Series "C" call for \$100,000 annually commencing 1968)               | 900,000             | 1,000,000           |
|  | <u>59,468,000</u>   | <u>60,526,000</u>   |
| Less: portion due within one year, shown as a current liability  | 1,056,000           | 1,058,000           |
|  | <u>\$58,412,000</u> | <u>\$59,468,000</u> |



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## **7. Contingent Liabilities**

Sundry guarantees, commitments and claims at December 31, 1968 are estimated at \$3,800,000.

In connection with the financing of Hill Chemicals, Inc., 50% owned by Cominco American Incorporated, the latter has undertaken to buy ammonia from Hill Chemicals at a fixed price resulting in a commitment of \$4,500,000 U.S. a year for fifteen years. In addition, the financing arrangements stipulate that if the ammonia production and distribution facilities of Hill Chemicals are not performing to specifications by September 1, 1970, Cominco American may be called upon to provide \$5,800,000 U.S. for reduction of the mortgage indebtedness of Hill Chemicals; in this event an additional 35% equity interest in Hill Chemicals would be forfeited to Cominco American. It is expected that early

in 1969 these facilities will be formally recognized as performing according to specification.

## **8. Pensions**

At December 31, 1968 investments with a current value of approximately \$45,349,000 were held by trustees under Cominco's pension arrangements. Actuarial estimates of these arrangements made to December 31, 1965 indicated an unfunded cost of \$9,500,000 for past service at that date. Approximately \$5,300,000 of this amount is being funded over 23 years starting in 1968. Actuarial re-evaluations of the funds are currently under way.

Cominco and its consolidated subsidiaries charged earnings for 1968 and 1967 with provisions which reflected their estimates of the accruing costs related to both past and current service.

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## **Auditors' Report to the Shareholders**

We have examined the consolidated balance sheet of Cominco Ltd. and its consolidated subsidiaries at December 31, 1968 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent (except for the change in depreciation, which we approve) with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
*Chartered Accountants.*

Vancouver, B.C., February 18, 1969.

**Consolidated Ten Year Summary**  
(all dollar amounts in millions, except per share figures)

|   | 1968       | 1967       | 1966       |
|---|------------|------------|------------|
| <b>Earnings</b>   |            |            |            |
| Sales of all products   | \$241.3    | \$217.0    | \$224.6    |
| Other revenue   | 5.5        | 4.5        | 4.2        |
| Cost of sales   | 174.3      | 149.2      | 145.2      |
| Earnings from operations                                      | 72.5       | 72.3       | 83.6       |
| Income from investments                                       | 5.1        | 4.7        | 4.6        |
| Provisions for depreciation and depletion                     | 20.8       | 18.4       | 15.7       |
| Provision for income taxes                                    | 16.4       | 10.1       | 14.6       |
| Minority interest in net earnings of Pine Point Mines Limited | 8.1        | 10.0       | 8.7        |
| Net earnings  | 32.3       | 38.5       | 49.2       |
| Net earnings per share  | 1.93       | 2.31       | 2.95       |
| Dividends declared  | 23.4       | 25.0       | 30.0       |
| Dividends declared per share                                  | 1.40       | 1.50       | 1.80       |
| Retained earnings for the year                                | 8.9        | 13.5       | 19.2       |
| <b>Financial Position</b>                                     |            |            |            |
| Cash and marketable securities                                | \$ 29.4    | \$ 46.1    | \$ 26.9    |
| Inventories of raw materials and products                     | 38.3       | 45.9       | 43.9       |
| Working capital   | 97.5       | 113.2      | 86.2       |
| Investments and sundry assets                                 | 50.8       | 47.1       | 35.0       |
| Fixed assets — net  | 255.6      | 222.8      | 193.6      |
| Total assets  | 443.6      | 429.7      | 356.1      |
| Long-term debt  | 58.4       | 59.5       | 14.3       |
| Minority interest in Pine Point Mines Limited                 | 22.0       | 20.2       | 17.2       |
| Deferred income taxes   | 29.5       | 21.3       | 16.4       |
| Shareholders' equity  | 293.9      | 282.2      | 266.8      |
| <b>Other Statistics</b>                                       |            |            |            |
| Capital expenditures  | \$ 56.4    | \$ 58.8    | \$ 66.0    |
| Number of shares outstanding at year-end                      | 16,698,583 | 16,688,155 | 16,688,155 |
| Number of shareholders at year-end                            | 41,742*    | 43,198     | 42,232     |
| Number of employees at year-end including subsidiaries        | 9,439      | 9,896      | 10,145     |

\*94.0% of the shareholders were Canadian registrants and held 95.0% of the shares issued.



| 1965       | 1964       | 1963       | 1962       | 1961       | 1960       | 1959       |
|------------|------------|------------|------------|------------|------------|------------|
| \$211.2    | \$170.0    | \$140.3    | \$131.1    | \$124.4    | \$115.6    | \$110.1    |
| 4.5        | 4.3        | 3.5        | 2.8        | 2.4        | 1.6        | 1.4        |
| 127.9      | 104.1      | 91.0       | 89.7       | 85.4       | 74.5       | 78.4       |
| 87.8       | 70.2       | 52.8       | 44.2       | 41.4       | 42.7       | 33.1       |
| 6.9        | 5.1        | 4.8        | 3.8        | 4.3        | 4.2        | 3.1        |
| 14.7       | 11.7       | 10.9       | 10.4       | 10.3       | 9.7        | 9.4        |
| 22.9       | 24.1       | 16.9       | 14.4       | 14.0       | 13.7       | 10.1       |
| 4.1        | (.1)       | —          | —          | —          | —          | —          |
| 53.0       | 39.6       | 29.8       | 23.2       | 21.4       | 23.5       | 16.7       |
| 3.18       | 2.37       | 1.82       | 1.42       | 1.31       | 1.43       | 1.02       |
| 30.0       | 26.5       | 21.3       | 18.0       | 16.4       | 16.4       | 13.1       |
| 1.80       | 1.60       | 1.30       | 1.10       | 1.00       | 1.00       | 0.80       |
| 23.0       | 13.1       | 8.5        | 5.2        | 5.0        | 7.1        | 3.6        |
| \$ 35.1    | \$ 64.8    | \$ 72.4    | \$ 71.9    | \$ 63.3    | \$ 65.7    | \$ 66.6    |
| 40.1       | 32.5       | 26.7       | 27.8       | 30.4       | 30.9       | 27.5       |
| 79.4       | 97.3       | 101.1      | 103.1      | 100.1      | 96.1       | 95.9       |
| 29.8       | 13.0       | 18.9       | 12.3       | 11.6       | 10.9       | 10.6       |
| 146.1      | 112.1      | 73.9       | 68.7       | 67.1       | 66.7       | 60.2       |
| 299.5      | 261.7      | 226.0      | 212.8      | 204.4      | 199.8      | 187.2      |
| 11.7       | 6.5        | —          | —          | —          | —          | —          |
| 4.6        | 0.6        | —          | —          | —          | —          | —          |
| 6.1        | 5.5        | 1.5        | —          | —          | —          | 0.1        |
| 232.9      | 209.9      | 192.5      | 184.0      | 178.8      | 173.7      | 166.6      |
| \$ 64.4    | \$ 38.0    | \$ 22.7    | \$ 13.1    | \$ 10.9    | \$ 16.5    | \$ 7.9     |
| 16,688,155 | 16,688,155 | 16,381,645 | 16,381,645 | 16,381,645 | 16,381,645 | 16,381,645 |
| 39,066     | 35,712     | 35,218     | 35,805     | 34,234     | 35,007     | 34,481     |
| 9,965      | 9,714      | 8,356      | 8,073      | 8,103      | 7,437      | 6,985      |

## Principal Active Subsidiary and Affiliated Companies

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### ***Subsidiaries Included in Consolidation***

The activities of these subsidiaries are set out in the Report of the Directors.

Pine Point Mines Limited — 69% owned  
President — D. D. Morris  
Head Office — Trail, British Columbia

Cominco American Incorporated —  
100% owned  
President — J. C. MacLean  
Head Office — W. 818 Riverside Avenue,  
Spokane, Washington  
99201, U.S.A.

Western Canada Steel Limited —  
100% owned  
President — M. C. D. Hobbs  
Head Office — 450 SE Marine Drive,  
Vancouver 15,  
British Columbia

National Hardware Specialties Limited —  
100% owned  
President — D. G. McGorman  
Head Office — Dresden, Ontario  
(P.O. Box 250)

### ***Unconsolidated Subsidiary Companies***

West Kootenay Power and Light Company,  
Limited  
President — W. K. Gwyer  
Head Office — 1335 Cedar Avenue  
Trail, British Columbia

Cominco holds all of the common shares and 24% of the preferred shares of this company, which owns and operates a hydro-electric power plant on the Kootenay River and a distribution system providing public utility service in southern British Columbia. In 1968, total sales of firm energy were 671,397,000 kwh compared with 614,304,000 kwh in 1967.

The company also operates Cominco's hydro-electric plants in British Columbia under a manage-

ment contract. Labour negotiations were in progress at the end of 1968.

Cominco received \$587,000 in dividends from this Company in 1968, compared with \$589,000 in 1967.

Pacific Coast Terminals Co. Ltd. —  
74% owned  
President — E. A. Mitchell  
Head Office — New Westminster,  
British Columbia  
(P.O. Box 697)

This company owns and operates storage warehouse and dock facilities at New Westminster, B.C. and operates the bulk-loading facilities of its 72%-owned subsidiary, Pacific Coast Bulk Terminals Limited at Port Moody, B.C. In 1968 materials handled through both facilities totalled 2,919,000 tons. Cominco received \$144,000 in dividends in 1968 compared with \$311,000 in 1967.

Rycon Mines Limited — 76% owned\*  
President — R. P. Douglas  
Head Office — Yellowknife, N.W.T.

Cominco mines and treats the gold ore of this property in conjunction with the adjoining Con operations in the Northwest Territories. In 1968, 73,500 tons of ore were mined containing 0.81 ounces gold per ton. Cominco received \$447,000 in dividends in 1968 compared with \$240,000 in 1967.

Coast Copper Company Limited —  
83% owned  
President — J. H. Salter  
Head Office — Trail, B.C.

This company owns a copper mine located on northern Vancouver Island which is operated by Cominco under a management contract. In 1968, 241,500 tons of ore containing 1.23% copper were mined and treated in Cominco's adjoining concentrator at Benson Lake. Copper and magnetite concentrates were shipped to Japan. Cominco received \$326,000 in dividends in 1968 compared with \$327,000 in 1967.



Sunro Mines Limited (NPL)—77% owned\*  
President — R. P. Douglas  
Head Office — Trail, B.C.

This company's copper property on southern Vancouver Island continued under lease to Cowichan Copper Co. Ltd. until October 31st, 1968 when operations were suspended. The name of Cowichan Copper Co. Ltd. was changed to Cerna Copper Mines Ltd. (NPL) and, under new management, studies were begun on the possible future operations of this property. Cominco received \$37,000 in dividends in 1968, with no dividends having been received in 1967.

Cominco-Gardner Limited —  
52% owned  
Managing Director — D. M. Silver  
Commercial Office — 4 Coleman Street  
London, E.C. 2

This Company is engaged in the marketing of metals in the United Kingdom, selling Cominco and Tadanac Brands and other metals in that market.

Cominco-Gardner GmbH—50.03% owned\*  
Managing Director — Hans von Mejer  
Head Office — Corneliusstrasse 36,  
Dusseldorf, West Germany

The purpose of this company is to promote sales of Cominco and other metals in continental Europe and otherwise engage in marketing activities.

\*Direct and indirect holdings.

### ***Affiliated Companies***

Cominco Binani Zinc Limited —  
40% owned  
Chairman — G. Binani  
Head Office — 38 Strand Road  
Calcutta 1, India

A number of operating problems were encountered during the year as a result of failures of equipment and services, most of which were overcome by the end of the year and production is expected to approach rated capacity in 1969. Refined zinc production in 1968 was 11,400 tons and sulphuric acid production was 17,300 tons.

Mitsubishi Cominco Smelting Company  
Limited — 45% owned  
President — Takuhei Oishi  
Head Office — 6, 1-chome, Ohte-machi,  
Chiyodaku, Tokyo, Japan

This plant operated at rated capacity throughout the year producing 33,500 tons of refined lead entirely from concentrates purchased from Pine Point Mines Limited. Although production rates and operating costs have been substantially as planned, returns for the metal sold continued to be unfavourable, and adversely affected the profitability of this Company. However, changes have been made in marketing which should correct this situation.

Mazak Limited — 50% owned  
Managing Director — G. P. Holloway  
Main Office — 1 Redcliff Street  
Bristol 1, England  
(P.O. Box 19)

Mazak Limited manufactures and sells zinc alloys under the Mazak trade name to the die-casting industry in the United Kingdom and other markets. It is the largest producer of zinc die-casting alloy in the U.K. During the year Cominco and Imperial Smelting Corporation participated equally in the acquisition of Platt Metals Limited which also manufactures and sells zinc die-casting alloys and other metals in the United Kingdom. Mazak Limited will control the die-casting activities of this company.

No dividends were paid by the foregoing affiliated companies.

The Canada Metal Company Limited —  
50% owned  
President — Carleton Smith  
Head Office — 721 Eastern Avenue  
Toronto, 8, Ontario

This company has plants in Toronto, Scarborough, Montreal, Winnipeg, Calgary and Vancouver for processing non-ferrous metals and alloys, producing lead oxides and refining secondary metals. Cominco received \$340,000 in dividends in 1968 compared with \$355,000 in 1967.



## Products

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### Metals

Lead, Zinc, Silver, Bismuth, Cadmium,  
Mercury, Indium, Gold, Antimonial Lead,  
Zinc Dust, Pig Iron, Steel

### Concentrates

Zinc, Lead, Copper, Iron, Tin

### Fabricated Metal Products

Zinc Die Castings, Zinc Extrusions,  
Cadmium and Zinc Plating Anodes, Zinc Anodes  
for Cathodic Protection, Steel Fasteners,  
Light and Medium Structural Steel Products

### High Purity Metals (99.999% and 99.9999% pure)

Aluminum, Antimony, Arsenic, Bismuth,  
Cadmium, Copper, Gold, Indium, Lead, Silver,  
Tin, Tellurium, Thallium, Zinc

### Electronic Materials

Fabricated Forms of High Purity Metals,  
Compound Semiconductors,  
Thermo-electric Materials

### Chemical Fertilizers

Ammonium Sulphate, Ammonium Nitrate, Urea,  
Anhydrous and Aqua Ammonia, Nitrogen Solutions,  
Ammonium Phosphates, Ammonium Nitrate-  
Phosphates, Complete Fertilizers, Ammonium Phos-  
phate Solutions, Phosphoric Acid, Nitrogen-Sulphur  
Solutions, Zinc Fertilizer Compound

### Chemicals

Ammonia, Ammonium Nitrate, Urea, Chlorine,  
Caustic Soda, Feed Grade Urea, Sulphuric Acid,  
Sulphur Dioxide, Hydrofluosilicic Acid

### Muriate of Potash

Granular, Coarse, Standard,  
Special Standard, White Soluble

*The bulk loading facilities of Pacific Coast Bulk Terminals Ltd.  
at Port Moody, B.C., which serve deep sea carriers.*





**TADANAC BRAND**  
**COMINCO BRAND**  
**ELEPHANT BRAND**

are registered  
trade marks of the Company

